

**Transportation Energy Office
Fuels and Transportation Division
California Energy Commission**

Summary

California retail regular-grade gasoline prices have declined further since the late February peak, although they remain at seasonally high levels. As of April 29, the average California retail price for regular-grade gasoline fell 21.5 cents to \$3.905 over the past month. Retail diesel prices decreased 16.5 cents, to \$4.05 per gallon.

California spot wholesale gasoline prices were \$2.88 on May 1, a decrease of 15 cents from mid-March and 42 cents lower than a year ago. Wholesale diesel prices fell 22 cents over the same period to come in at \$2.85, down 42 cents from a year ago.

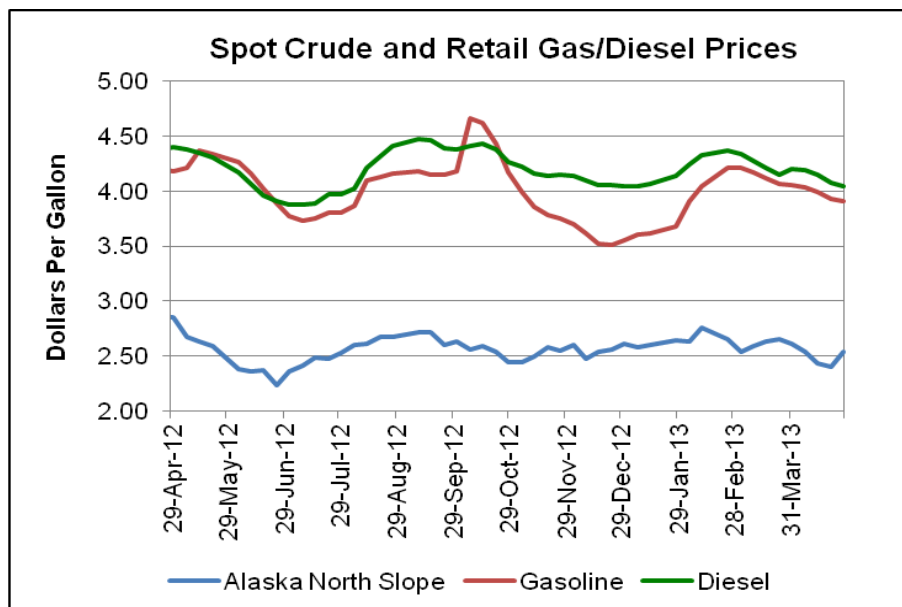
California-compliant gasoline production and inventories decreased by 1.7 percent and 3.4 percent in the past week, respectively. California-compliant diesel production and inventories decreased by 21.1 percent and 17.4 percent in the past week, respectively. Weak gasoline demand has contributed to lower gasoline production and inventories.

United States crude oil prices have dropped over the past month, along with other international benchmark oil prices. The price of Brent crude oil has dropped to \$102.88 per barrel. The price of West Texas Intermediate (WTI) has risen to \$94.09 per barrel. As of April 29, the Alaska North Slope (ANS) crude oil price decreased to \$106.37, \$4.27 less than a month ago.

Comparisons of Diesel, Gasoline, and Crude Oil Price Changes

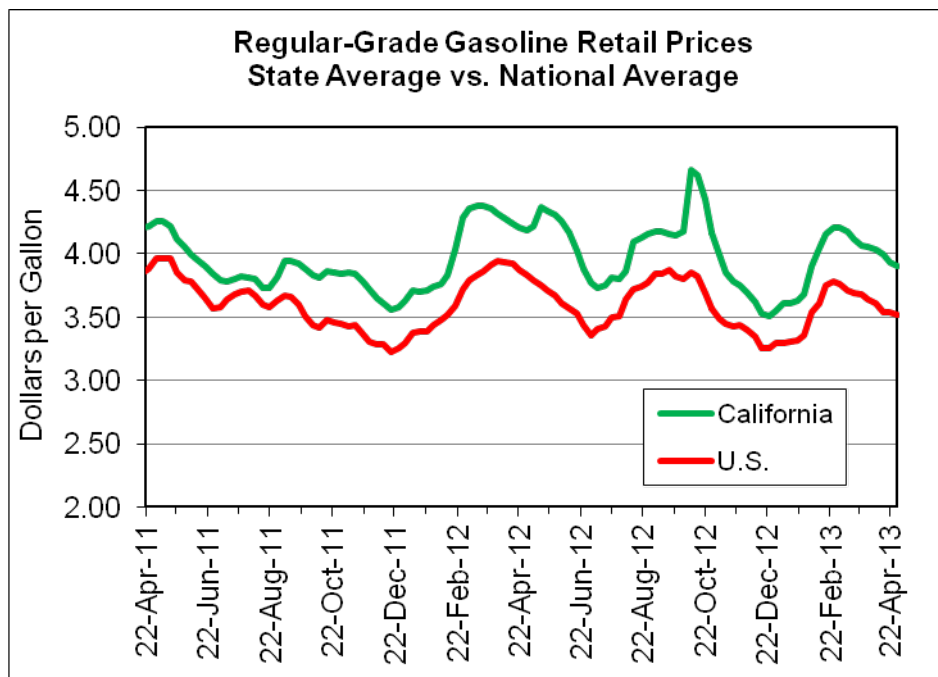
Gasoline and ANS prices have declined over the past month. Diesel prices rose in mid-February but have since begun to decline. As of April 29, ANS prices were \$2.53 per gallon, gasoline prices were \$3.91 per gallon, and diesel prices were \$4.05 per gallon.

Gasoline, diesel, and ANS are 27 cents, 23 cents, and 6 cents, per gallon lower, respectively, compared to March's *Petroleum Watch*.

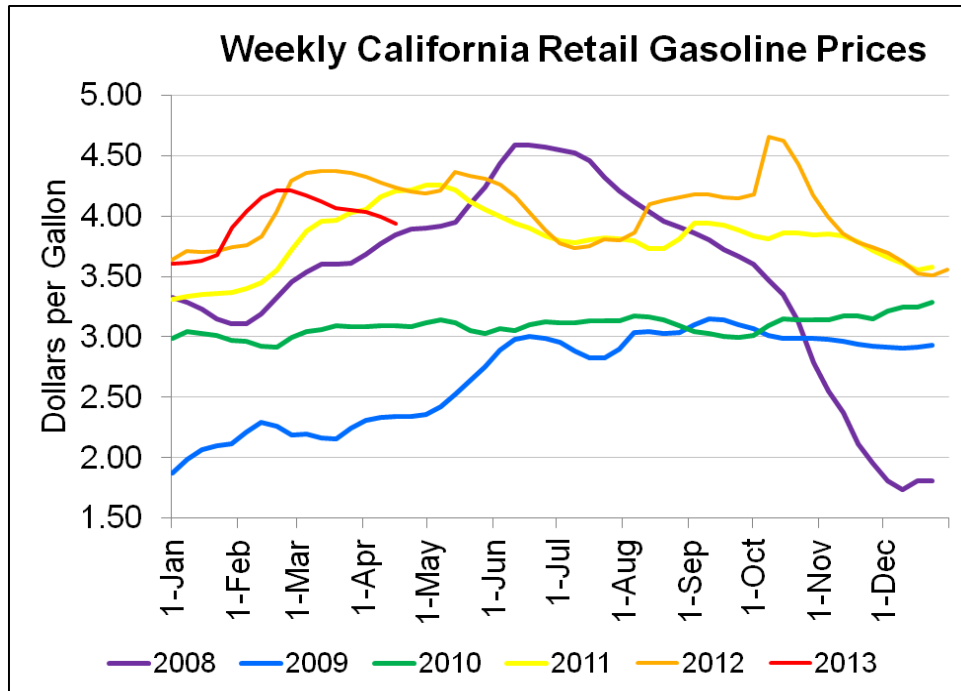


Retail Prices

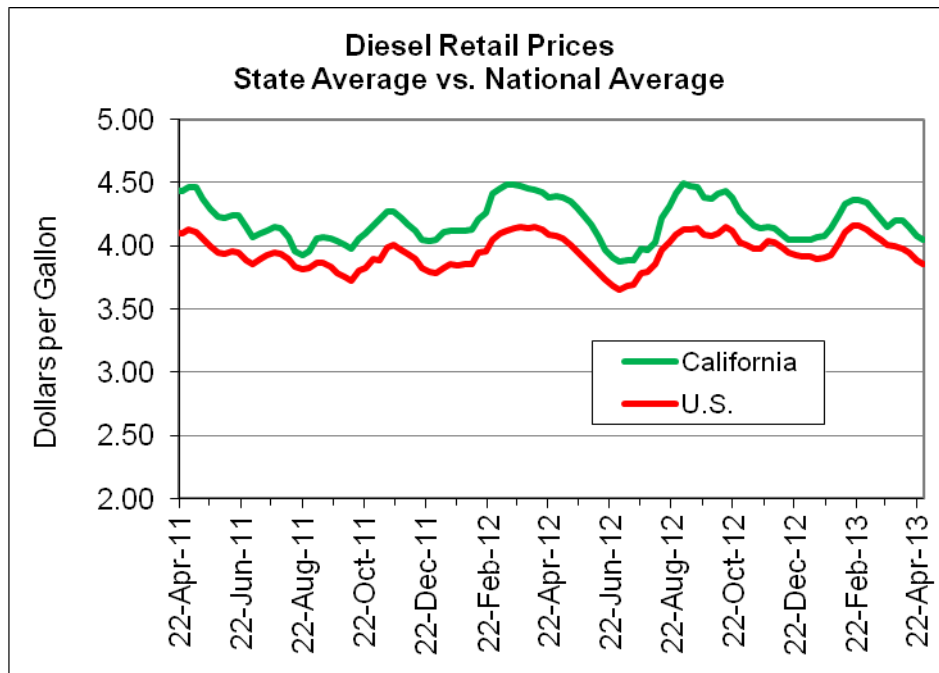
The average California **retail price for regular-grade gasoline** fell 21.5 cents over the past month to \$3.905 per gallon. In addition, average U.S. retail gasoline prices fell 17.6 cents from a month ago to \$3.52. Average U.S. gasoline prices are 13.8 cents higher than a year ago. The difference between California and U.S. retail gasoline prices decreased from 42 cents to 38.5 cents over the past month. Both California and U.S. retail prices have followed wholesale prices downward. The recent decline is welcome, but prices remain at the higher end of previous historical April prices.



California retail gasoline prices have now fallen below the price levels seen in 2011. This year's prices are reflecting the trend for higher gas prices at the pump, despite any major refinery outages. However, Chevron's Richmond facility is still producing at reduced rates, and turnarounds at other facilities are still winding down.

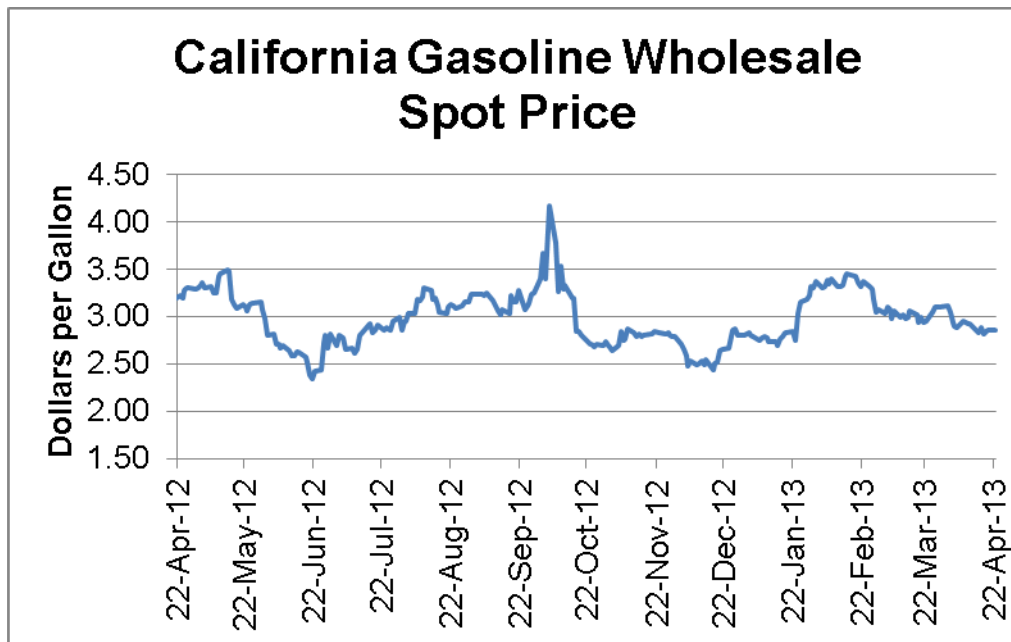


The average California **retail diesel price** fell 16.5 cents since the March 2013 *Petroleum Watch* to \$4.05 per gallon. The average U.S. retail diesel price fell 20 cents over the past month to \$3.85 per gallon. As a result, the premium for California diesel over U.S. diesel prices stayed at 20 cents. California diesel prices are 35 cents lower than a year ago, while U.S. diesel prices are 22 cents lower than a year ago. As has been remarked in months past, diesel prices continue to move more moderately than gasoline prices.



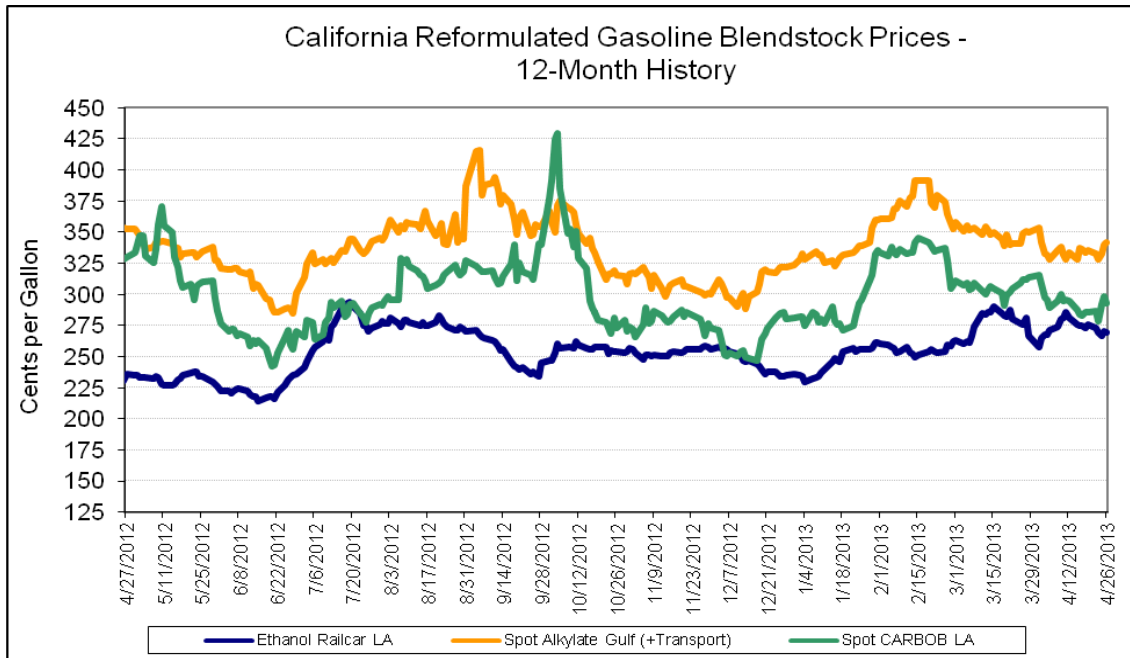
Wholesale Gasoline and Blendstock Prices on May 1, 2013

The past few weeks have seen a relatively gentle decline in wholesale gasoline prices. California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (CARBOB) fell 15 cents since March 19 to \$2.89 on May 1. Prices are down 42 cents from this time last year. Prices in New York are similarly down 15 cents over the month, a 59-cent decrease over the year.

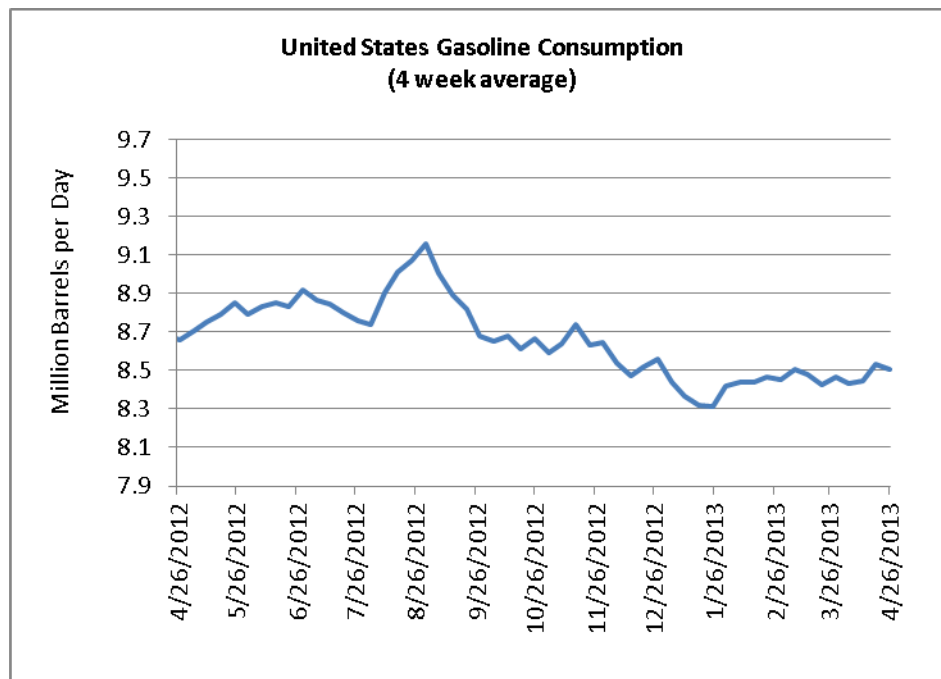


Wholesale diesel in California followed a similar trend as gasoline, falling 22 cents same time frame to \$2.85. Los Angeles spot prices are down 42 cents from this time last year. Prices in New York shed 22 cents in the past month to \$2.86, down 39 cents over the year.

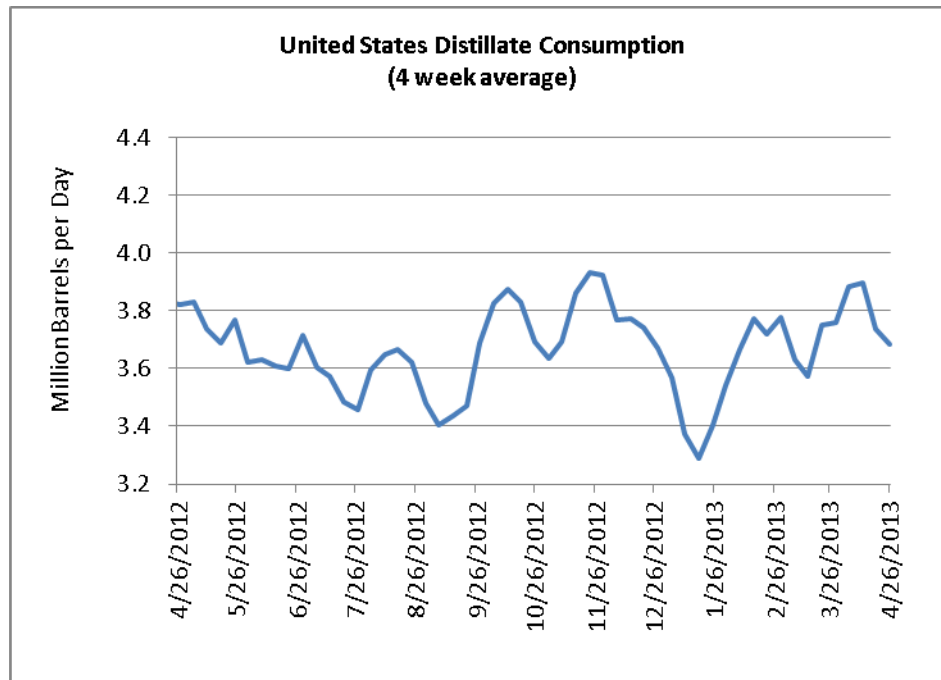
The average representative estimated cost of **fuel ethanol** to California refiners and marketers fell 14 cents to \$2.70 per gallon as of April 26, 2013.¹



The Energy Information Administration's (EIA) weekly report for the week ending April 26 shows the four-week average for gasoline consumption at 8.5 million gallons, a 2.5 percent increase from mid-March and down 1.8 percent from this time last year.

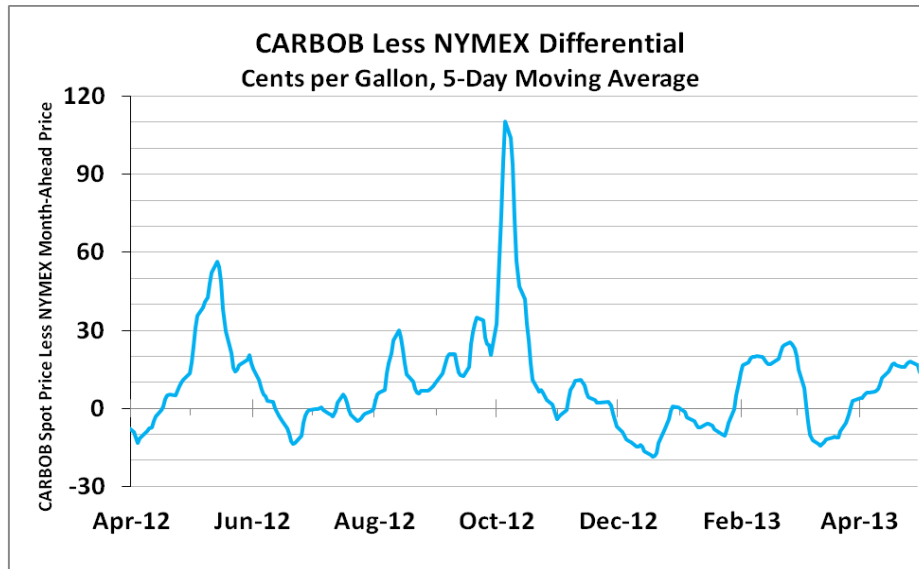


On the diesel side, EIA's weekly diesel consumption data show a 9.5 percent increase over the past six weeks, coming in at a four-week average of 3.6 million barrels per day. Consumption is down 3.7 percent from this time last year.

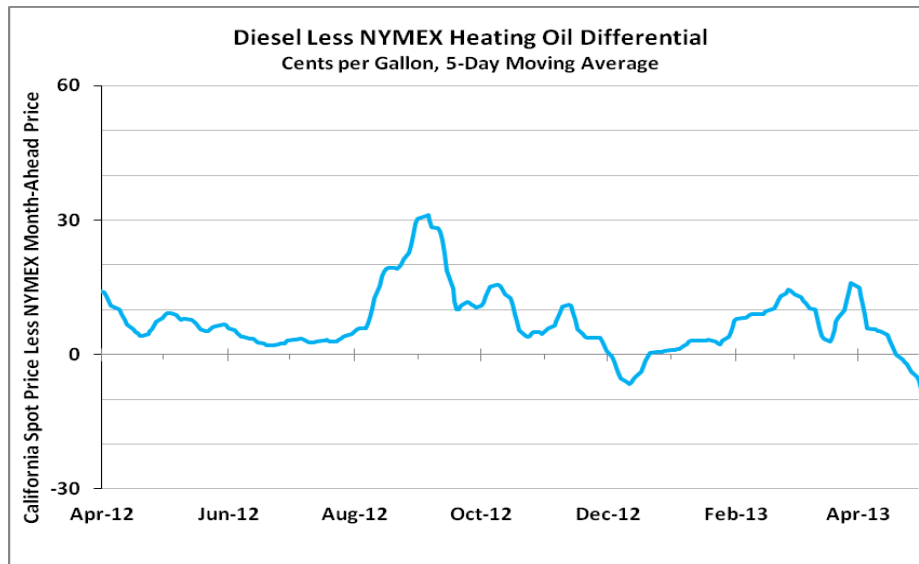


Futures-Spot Market Spread²

As of May 1, the spot market price for California gasoline was at a 14-cent premium to the New York Mercantile Exchange (NYMEX) one-month-ahead futures price, using five-day moving averages. Both NYMEX and CARBOB prices have fallen, but NYMEX futures prices have fallen by more than CARBOB prices. The differential has reversed from a discount to a premium over the last month as California gasoline production and inventories have decreased.

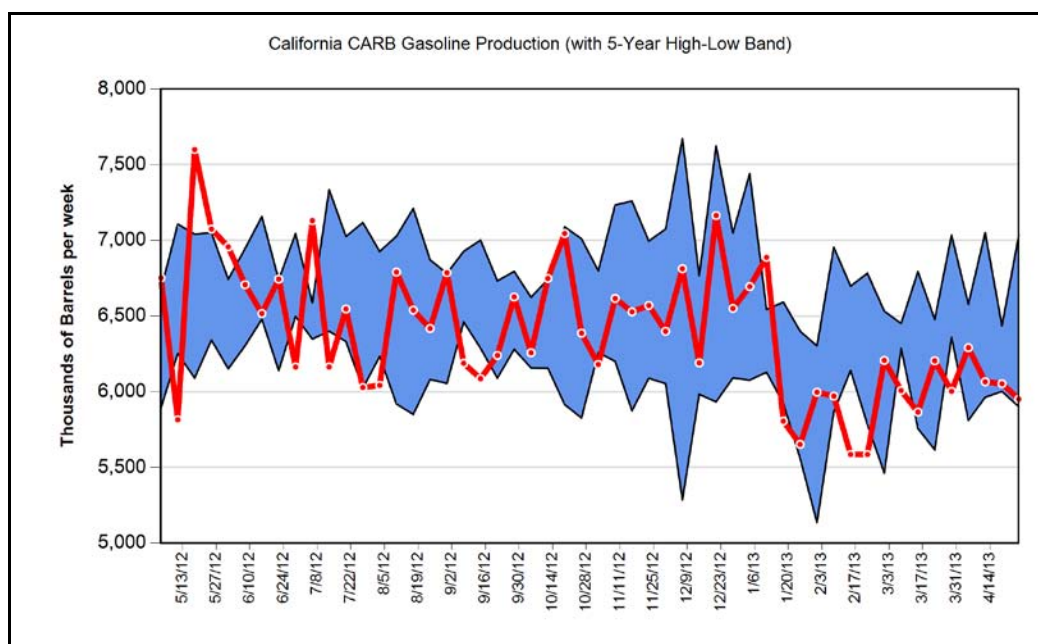


As of May 1, California spot diesel sold at an 8 cent discount to the NYMEX heating oil one-month-ahead futures price, using five-day moving averages. This stands in contrast to the 8-cent average premium during the past year. California diesel prices have fallen over the past month, while NYMEX futures prices have risen slightly, which has turned the premium into a discount.

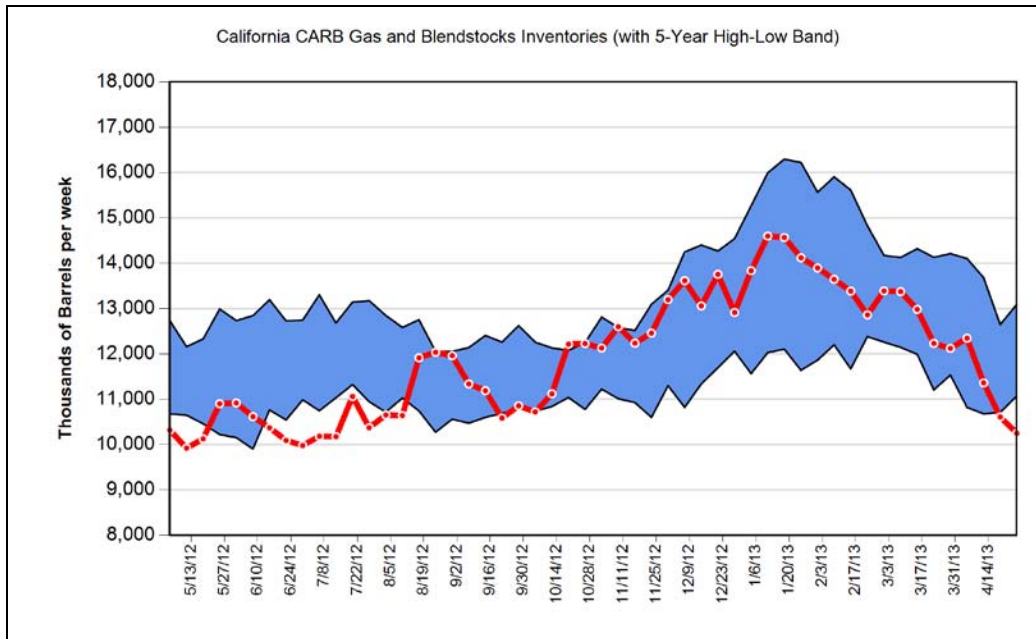


Refinery Production and Inventories

Reformulated gasoline production in California for the week ending April 26 decreased 1.7 percent from the previous week to 6.0 million barrels, falling to the bottom of the five-year range.³

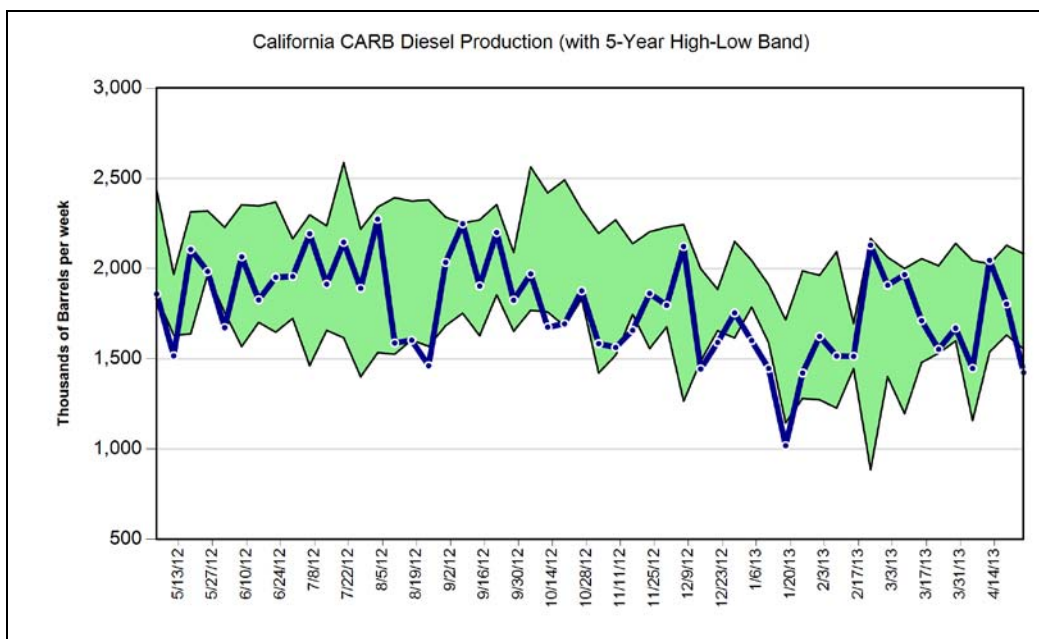


California **reformulated gasoline inventories** decreased 10.9 percent from the past week, while gasoline blendstock inventories increased 2.1 percent. California's combined inventories of reformulated gasoline and gasoline blendstocks decreased 3.4 percent from the previous week to 10.3 million barrels, falling below the five-year range.

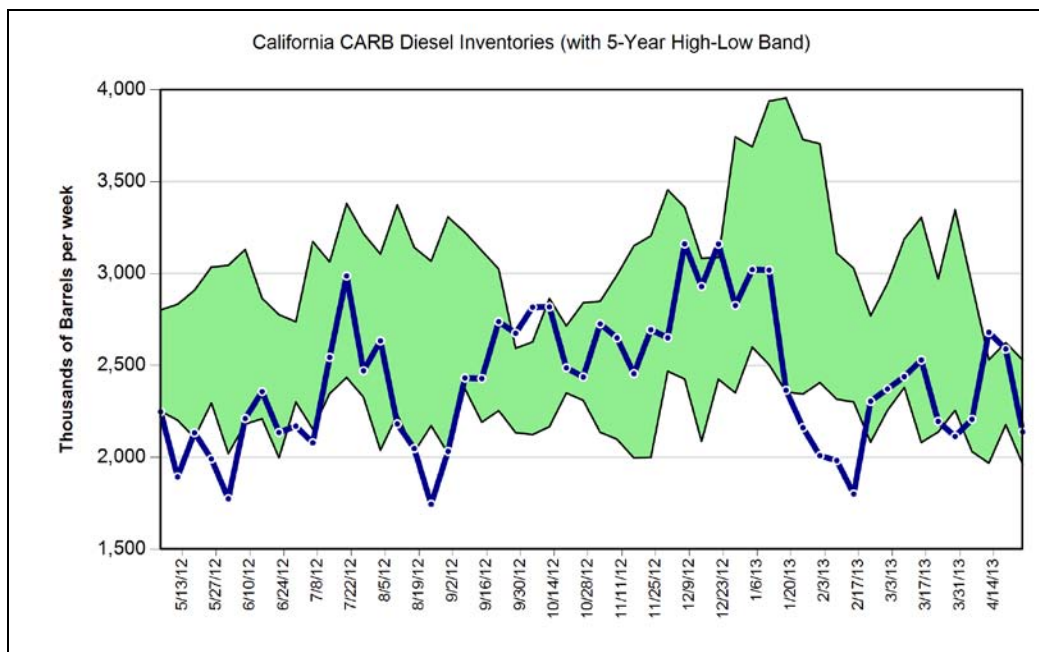


U.S. motor gasoline inventories as of April 26 fell to 216.0 million barrels, 6.8 million barrels less than a month ago. On the West Coast, gasoline inventories have fallen by 2.8 million barrels, from a month ago. On the East Coast inventories have increased by 4.0 million barrels, and on the Gulf Coast inventories have decreased by 2.6 million barrels.

California-compliant **ultra-low-sulfur diesel fuel (CARB diesel) production**⁴ was 1.4 million barrels during the week ending April 26, a decrease of 21.1 percent from the previous week, falling below the five-year range.



Inventories of CARB diesel in California decreased 17.4 percent from the previous week to 2.1 million barrels, falling to the bottom of the five-year range.



On the West Coast, distillate inventories increased by 0.9 million barrels from a month ago. Distillate inventories on the East and Gulf Coasts increased by 1.7 and 0.1 million barrels, respectively. U.S. distillate inventories as of April 26 fell to 115.8 million barrels, 4.0 million barrels less than a month ago.

Crude Oil Prices and Associated Factors

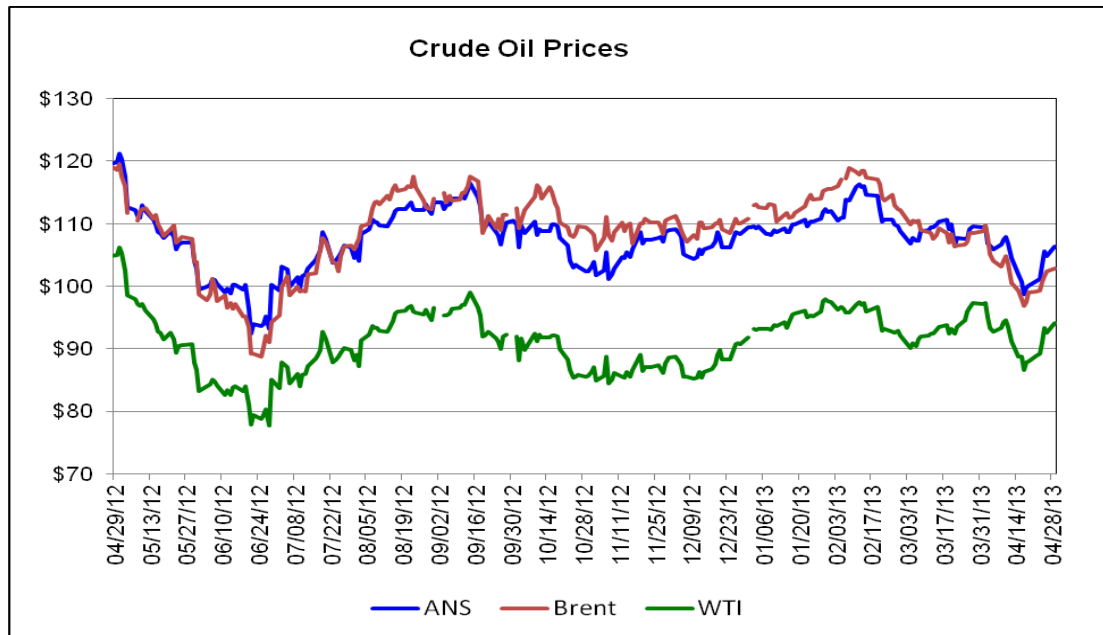
The West Coast price for ANS crude oil, a refinery feedstock for California, decreased to \$106.37 as of April 29. The ANS crude price has fallen by \$4.27 since the previous *Petroleum Watch* and is \$13.50 less than a year ago.⁵ Over the past month, continuously increasing crude oil inventory levels and sluggish demand, although it is improving, have caused United States oil prices to fall slightly.⁶

Recent Trends in Crude Oil Prices

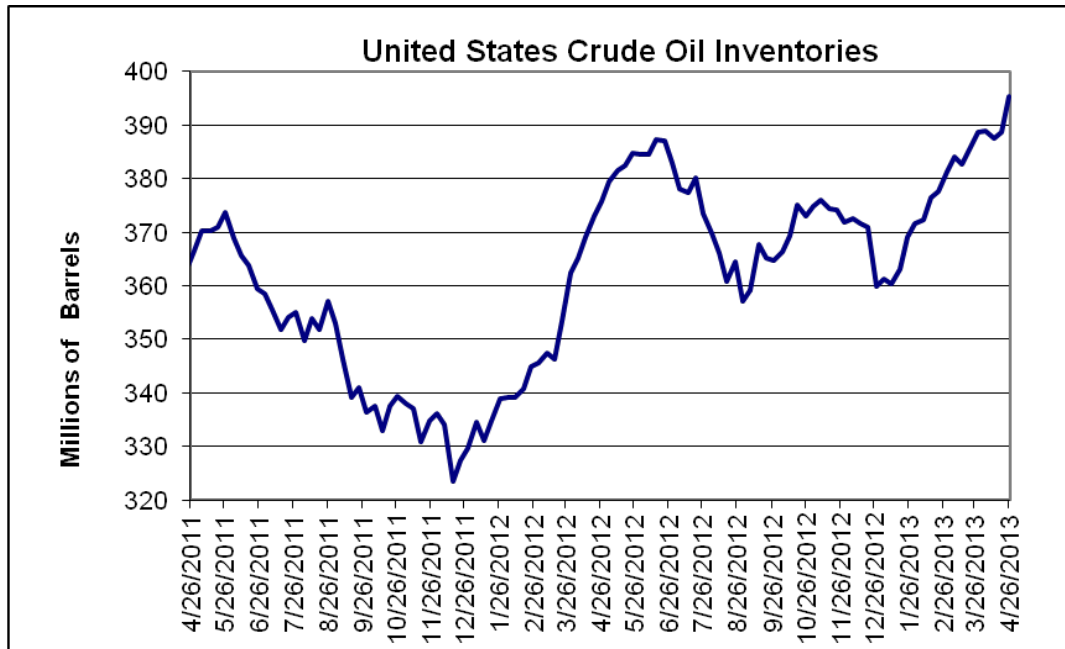
	Mar-13	Apr-13	Change From Previous Month	Directional Contributing Factor		
				Upward	Downward	Unchanged
ANS Crude Oil Price (U.S. Dollars/Barrel)	\$110.64	\$106.37	Down 3.9%			
Europe Brent Crude Oil Price (U.S. Dollars/Barrel)	\$108.54	\$102.88	Down 5.2%			
West Texas Intermediate, Cushing Oil Price (U.S. Dollars/Barrel)	\$93.71	\$94.09	Up 0.4%			
U.S. Crude Oil Inventories (MM Barrels)	382.6	395.3	Up 3.3%		✓	
S&P 500	1,556	1,594	Up 2.7%	✓		
EURO STOXX 50 Price	2,711	2,728	Up 0.6%	✓		
Total Dollar Index	83	82	Down 0.7%		✓	
Exchange Rate: Dollars per Euro	1.3	1.3	Unchanged			✓
European Debt Problems						✓
Disruption in Oil Exports						✓

The spread between West Texas Intermediate crude oil prices and Brent crude oil contracts has decreased over the past month. The spread narrowed to \$8.79 as of April 29, a decrease

of \$6.04 since the last *Petroleum Watch*. West Texas Intermediate spot prices closed at \$94.09 per barrel as of April 29, \$12.28 less than ANS crude oil.



U.S. crude oil inventories have continued to increase over the past month. As of April 26, U.S. commercial crude oil inventories increased by 12.6 million barrels from the previous *Petroleum Watch* to 395.3 million barrels. Crude oil stocks are 19.4 million barrels higher than a year ago and 36.3 million barrels more than the five-year average for this date. As of April 26, California crude oil stocks increased by 1.9 percent from the previous week to 10.8 million barrels and are 13.9 percent lower than a year ago.



1 Ethanol railcar prices are from *Platts Oilgram* and are average prices for prompt Southern California shipments minus a 45¢/gal federal excise tax credit for 2009 through 2011 prices and a 51¢/gal federal excise tax credit for prices prior to 2009. The federal excise tax credit expired at the end of 2011. California alkylate prices are also calculated from *Platts Oilgram* and include a 20¢/gal transportation and distribution cost from the Gulf Coast to California. Spot wholesale prices for regular-grade California reformulated gasoline blendstock for oxygenate blending (CARBOB) are from Oil Price Information Service.

2 A higher spread between the state's spot fuel prices and the New York Mercantile Exchange (NYMEX) futures price indicates supplies are tighter in California, and a lower spread indicates the market is relatively well-supplied compared to the rest of the country. The NYMEX futures price reflects the national market, while California Reformulated Gasoline Blendstock for Oxygenate Blending (CARBOB) is a gasoline blend unique to California and is usually sold at a premium to the NYMEX.

3 California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

4 Staff has discontinued the reporting of combined CARB and EPA diesel production and inventories and will report only CARB diesel as of December 2009. EPA diesel is primarily for export from California.

5 Alaska North Slope (ANS) crude oil prices are from *The Wall Street Journal*. Brent and West Texas Intermediate (WTI) crude oil prices are from the Energy Information Administration.

6 ANS crude oil price changes are influenced by inventory levels, refinery capacity, domestic and international economic conditions, currency exchange rates, perceived risks to global supply such as unrest in the Middle East, and near-term price trends as indicated by the futures market for crude oil.